



State of Tennessee Department of Children's Services

Administrative Policies and Procedures: 16.57

Subject: Independent Living Direct Payment Allowance

Supersedes: None

Local Policy: No

Local Procedures: No

Training Required: Yes

Applicable Practice Model Standard(s): Yes

Approved by:

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Application

To All Department of Children's Services Employees and The Youth In Post Custody Status

Authority: TCA 37-5-106

Policy

In an effort to assist eligible youth to have a successful transition into adulthood, DCS will establish a direct-pay process to provide a living allowance to young adults who are eligible for Federal Title IV-E Chafee/ETV Funding.

Procedures

A. Purpose

The purpose of the direct payment process is designed to provide the opportunity for a successful transition into adulthood and self-sufficiency through a direct pay living allowance to young adults. This is for young adults who were in foster care after their 14th birthday and aged-out by turning 18 years of age. Youth will have the ability to access their funds more readily and be able to utilize the skills that they have learned in order to manage their funds and to live a full and productive life as an adult. A youth may remain eligible up to their 23rd birthday, if in school and making satisfactory progress.

B. Guidelines for Independent Living Allowance

1. Post custody youth who no longer reside in foster homes and who do not have an on-going caring relationship with their foster parents where the youth visits regularly (i.e. weekends, holidays, summer breaks) and meet the eligibility criteria will receive a direct payment allowance.
2. Direct payment allowances for post custody youth are referred to as the Independent Living Allowance (ILA).
3. Any youth may remain eligible up to their 23rd birthday, if in school and making satisfactory progress.
4. Satisfactory Progress is defined as:
 - a) Maintaining a “C” average (at least a 2.0 GPA), or
 - b) Maintaining a Passing (“P”) or Satisfactory (“S”) in their course of study, or
 - c) Maintaining active involvement with progress during their internship or apprenticeship.

C. Eligibility criteria

1. Eligible youth who are 18 or older and:
 - a) Aged-out of any type of foster care placement; and
 - b) Do not reside in a foster home, mental health institution, or residential treatment facility; or
 - c) Reside in their own apartment, or secured reasonable housing approved by DCS and attend school or training program; and
 - d) Attend a college, university, vocational school, or training program for which room and board **are not** covered by DCS—Chafee Wraparound, Educational Training Voucher (ETV), or other scholarships/financial aid.
 - e) Attend school or training program part-time and are employed part-time at least twenty (20) hours per week.
2. All youth must attend a financial management seminar in their region or have individually met with an Independent Living (IL) Program Specialist and complied with all additional requirements.

D. Independent Living Allowance Rates

3. Juvenile Justice youth who have stepped down to a foster care placement, before age 18 and aged-out of care, are also eligible for this option.

1. ILA payments will be equal to the daily rate times the number of days for the current month. This is in accordance with the guidelines established by the Department of Children's Services' foster care rate structure.
2. The rate of the ILA will be based on the Title IV-E eligibility criteria, the guidelines established by the Office of Independent/Transitional Living, and individual circumstances.
3. The designated Office Independent/Transitional Living staff and the DCS Budget staff will determine the ILA rates. The IL Program Specialists, in consultation with the youth's case home county case manager is responsible for presenting the youth's situation before a rate is established.
4. The payment amount will be determined by a mutual agreement (contract) between the youth and the Office Independent/Transitional Living. The ILA rate will be the established amount.

5. Special Circumstances Rate: \$19.35/day

- a) The special circumstance rate is available for young adults (18 to 21st birthday) with unique needs due to mild mental retardation not eligible for Adult Services. Young adults with any dependents that are physically and legally in their custody are also eligible for this rate. The IL Director or designee must approve this rate in writing.
- b) The IL Program Specialists, in consultation with the case manager, must provide supporting documentation about any special circumstances. This must be done before the rate can be determined and established within the contract.

6. Regular Rate: \$16.12/day

The regular rate is available for youth (18 to 21st birthday) who meet the eligibility criteria, but do not qualify for the special circumstances rate.

7. Kinship Placement Rate: \$8.06/day

The kinship placement rate is available for youth (18 to 21st birthday) who meet the eligibility criteria and reside in a kinship placement approved by DCS. Youth may remain

eligible to receive this rate up to their 23rd birthday, if in school and making satisfactory progress.

8. Graduated Rate: \$8.06/day

The graduated rate is designed to prepare youth (21 to 23rd birthday) for their transition to adulthood, through preparation and planning. Youth will gradually begin to assume more financial responsibility as they reach the end of post custody services and approach self-sufficiency. A youth may remain eligible to receive this rate up to their 23rd birthday, if in school and making satisfactory progress.

9. Youth (18 to 21st birthday) who are attending a college, university, vocational school, or training program for which room and board **are** covered by the DCS—Chafee Wraparound, Educational Training Voucher (ETV), or other DCS or non-DCS scholarships/financial aid may be eligible to receive a **monthly** personal expense grant of \$150.
10. The case manager must submit monthly requests for the personal expense grant to their regional funding unit on behalf of the youth.

E. Establishing an Independent Living Contract and Payment Arrangements

1. After approval of an ILA rate and before a contract is established and information is entered into ChiPFins, the IL Program Specialists, in consultation with the case manager, has seven (7) days to verify:
- a) Youths' social security number, address, date of birth and,
 - b) Youth is no longer residing in the foster home.
2. In order to establish a contract, the youth must provide a *Substitute W-9 form*. This form is available on the DCS Intranet or can be obtained from a regional IL Program Specialist.
3. The youth's W-9 information will be entered into the STARS system. The youth will give this completed form to their regional IL Program Specialist. ***The address for the youth should reflect their permanent living address because this is where all of their financial information will be mailed.***
4. The youth must have an established bank account, open a checking account and a "Tax Savings Account" in order to receive the ILA direct payment.

5. ***The Independent Living Allowance payment that youth will receive from DCS is taxable income!*** All youth are required to deposit (via an automated system with the bank) 10% of every ILA payment into the "Tax Savings Account".
6. ***ALL youth will be instructed not to use the money in the tax savings account!*** This savings account is to protect the youth and assist in paying quarterly taxes on these earnings. The youth are expected to pay these taxes via vouchers that were provided during the financial training. Vouchers are sent in each quarter along with the money that has been set-aside in the youth's "tax" savings account. The dates that youth are expected to send in their voucher and payment is attached to the vouchers. Additional forms are available at <http://www.irs.gov/formspubs/index.html> or by calling 1-800-329-1040.
7. All youth must also complete Form *FA-0825, ACH-Automated Clearinghouse Credits*. This form is available on the DCS intranet or can be obtained from a regional IL Program Specialist. The ACH provides direct deposit information and will allow DCS to directly deposit the ILA into the youth's bank account.
8. The youth must submit their completed ACH form along with a VOIDED check or a VOIDED deposit slip to their regional IL Program Specialist. The ACH will require an ABA number that is the same as the routing number (the first set of numbers found on the bottom of personal checks). ***Please note that if the youth banks with a Credit Union, the Credit Union will need to fill out the ABA number.***
9. The ACH form takes at least thirty (30) days to process. The direct deposit will begin a minimum of thirty (30) days after the Substitute W-9 form and ACH form are completed and submitted.
10. These forms must be submitted to the applicable regional IL Program Specialist.
11. All youth must complete IRS form *1040, Individual Tax Return* for end of the year taxes. This is the responsibility of the youth.

F. ChiPFins Contract

1. When an eligible youth leaves a foster home, the current board payment must be terminated in ChiPFins before an ILA contract can be established in ChiPFins. A staff person from the regional Foster Parent Support Unit must provide notification to the foster parent that the current contract is

ending and, to prevent overpayment of services, ensure that all previous contracts are terminated.

2. The youth must have a valid *Substitute W-9* form on file with the DCS Finance and Support division. The name, address, and other identifying information on the *Substitute W-9* must exactly match the information on the contract.
3. Once the information is input to ChiPFins the youth will receive instructions to access the ChiPFins' phone in system (including phone and PIN numbers) in the mail. When youth call in, they must have:
 - a) PIN number,
 - b) Child identification number,
 - c) Social Security number, and
 - d) The dates about which they are calling.
 - e) The calendar that designates the Independent Living Allowance call in dates is available on DCS Intranet (through *Independent Living Phone In Calendars* in the Internet column)
4. The youth must call in one (1) time per month and must do so promptly on the designated dates. The money will not be accessible after thirty (30) days without a waiver and an override from the IL Director or designee.
5. Every ILA payment must be confirmed by the cut off dates in the ChiPFins phone system every month, in order for the youth to receive payments when due. The designated staff in the Office of Independent/Transitional Living will confirm the call-ins made by youth.

G. Maintaining Eligibility

Documentation of changes in the circumstances or needs of youth are required, including living arrangements, inability to independently manage financial matters, employment, and education. Changes in circumstances may result in changes in the maximum allowable payment and/or eligibility.

Forms

CS-XXXX Independent Living Allowance Contract (form number pending)
FA-0825 ACH (Automatic Clearing House) Credits (Not Wire Transfers)
1040 Individual Tax Return

Substitute W-9

Collateral Documents

None

Standards

DCS Practice Model Standard - 8-104